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DIA, OSD and DOS review(s) completed.

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GENERAL

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1. Turks ready to confer with USSR on Straits--US Ambassador Wilson has been told by his British colleague that Turkey is prepared to agree to the Soviet request for a conference on revision of the Montreux Convention governing the Black Sea Straits (see Daily Summary of 9 August, item 1), "provided Turkish sovereignty and independence are respected." The Turkish Foreign Minister has remarked that the Soviet proposal for joint Soviet-Turkish defense of the Straits was "obviously the nub of the matter and followed the familiar Soviet line." The Foreign Minister stated that he would not reply to the Soviet note until he had heard from both the US and UK, adding that he attached great importance to US participation in the conference.
2. British efforts to stop illegal immigration into Palestine--A member of the British Foreign Office has told US Charge Gallman that the UK recently has requested a number of European Governments, including Rumania, France, Italy and Belgium, to assist in preventing the departure from ports under their control of ships carrying illegal immigrants to Palestine. None of the countries has yet replied to the British request. The British official stated that (a) he did not think representations had been made to the Soviet Government in Moscow, but (b) the British have more than once protested to the Soviet Representative ACC Rumania against the departure of such ships from Rumanian ports.
3. Sweden less firm on arms export to Argentina--The Swedish Foreign Office has told US Charge Ravndal that it does not know "what would be involved" in its "limited" arms shipments to Argentina (see Daily Summary of 8 August, item 1). Ravndal feels that the Foreign Office sought to intimate that in the event of a showdown Sweden would not permit the shipments unless satisfied that the US no longer had "justifiable objection."
4. Brazilian agreement indicated for US Recife base--Brazilian President Dutra has told US Ambassador Pawley that he agrees in principle to the US proposal that the US continue to use the island on which the Recife Naval Radio Station is located. The proposal calls for an initial ten-year extension, with provision for further extension in five year periods thereafter.

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5. US to recognize new Bolivian Government on 12 August--The State Department has instructed its diplomatic missions in the other American Republics to notify the Governments to which they are accredited that the US will extend formal recognition to the new Bolivian Government on 12 August. The Department cites the fact that the Government is in control of the country, appears to have popular support, and has already been recognized by several other American Republics.

EUROPE-AFRICA

6. USSR: Military chiefs reported conferring in Crimea--US Military Attache Rome has been reliably informed that on 5 August "all the Marshals of Russia" met in conference in the Crimea. The MA adds that the duration and purpose of the conference are unknown.
7. HUNGARY: Policies at Peace Conference--Premier Nagy has told US Minister Schoenfeld that Hungary will ask the Peace Conference for permission to pay reparations to the USSR in cash rather than in kind. According to Nagy, this request will show whether the USSR intends to permit Hungary to resume its ties with world markets, or to subordinate Hungary entirely to the Soviet economy.

Nagy added that Foreign Minister Gyongyosi has been instructed to inform the Peace Conference that, while the Danube question is a matter for "big power determination," Hungary desires the maximum possible navigation on the Danube. A member of the Hungarian Foreign Ministry has, however, warned Schoenfeld that Molotov may privately "persuade" Gyongyosi to support Soviet views.
8. CZECHOSLOVAKIA: Threat of "reorientation to East" a bluff--US Ambassador Steinhardt believes that discontinuance of UNRRA aid in 1947 will not threaten the national economy of Czechoslovakia. (The Czechoslovak delegation to UNRRA recently has publicly stated that such discontinuance might cause economic "collapse" in Czechoslovakia, forcing the country to reorient its foreign trade policy "to the East.") Steinhardt believes that, since Czechoslovakia is already oriented to the East "almost as much as seems politically and economically feasible," the Czechoslovak "bluff should be called."

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FAR EAST

9. KOREA: Soviet-sponsored rumors jeopardize US mission--According to General Hodge, Soviet-circulated rumors in South Korea that the US will abandon Korea within three years have driven many Koreans into the Communist fold and may jeopardize the success of the US mission. Hodge suggests that the US make known its policy of not abandoning Korea until satisfactory arrangements have been made to insure that Korea becomes an independent nation under a government of her own choosing.

THE AMERICAS

10. HONDURAS: Invasion of Guatemala believed unlikely--US Embassy Honduras reports no unusual activities in Honduras which might be preparations for an attack on Guatemala or other border incident (see Daily Summary of 9 August, item 10). The Embassy believes that the story may have been planted to set the stage for another invasion of Honduras by Honduran exiles reported to be concentrated near the Guatemalan border.

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